

# *News and Information*

*from the Tennessee Division of Consumer Affairs*

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## **MAZDA TO CHANGE AUTO LEASE ADVERTISING AND PAY TENNESSEE \$50,000**

Mazda Motor of America Inc. has agreed to change its national advertisements for auto lease vehicles and to pay Tennessee \$50,000 as part of a multistate settlement agreement.

Mazda is paying \$1.2 million to 24 states that cooperated in the action with the Federal Trade Commission. The states allege that Mazda violated a 1996 court order, which required Mazda to clearly disclose key lease terms in its advertising such as total up-front costs and the number, amount and timing of scheduled payments. The 1996 order settled false-advertising suits filed earlier by many of the states.

Despite the earlier agreement, Mazda ads continued to highlight low monthly payments while obscuring the total amount due at lease-signing, according to the states.

"The 1996 order required Mazda to clearly disclose certain terms about auto leases," Tennessee Attorney General Paul Summers said. "We hope this latest action will conclude this matter and send a clear message to those who violate Tennessee's Consumer Protection laws. We will not tolerate deceptive advertising in Tennessee."

Mark Williams, director of the Tennessee Division of Consumer Affairs, said, "With auto leases, the devil is in the details, and consumers need to have the key lease terms clearly disclosed to them in all advertising."

The states allege that Mazda lease ads failed to show the total amount of payment due at lease signing for a sufficient time to be noticed, read, heard or understood by consumers. Because of distracting sounds, small type size and other clutter, the ads failed to conform to the 1996 disclosure requirement and court order, the states alleged.

Attorney General Summers said the Federal Trade Commission worked directly with the states to obtain the settlement. The FTC announced a similar settlement with Mazda.

"We were very pleased to be partners with the FTC and the other states' Attorneys General," Summers said. "The joint effort was instrumental in achieving this good result."

The settlement announced today requires Mazda to make payments to the states and abide by the permanent injunction included in the 1996 Tennessee court order, and it prohibits Mazda from misrepresenting the amount of up-front lease costs.

In addition to Tennessee, the 24 states involved in the settlement are Alabama, Arizona, California,

Connecticut, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Maryland, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Washington and Wisconsin.

"As more new-car consumers lease autos," Summers said, "consumers need to know what they are getting into before they sign a contract."

The Office of the Attorney General and the Tennessee Division of Consumer Affairs offered the following tips for consumers who plan to lease automobiles:

- Consider all the costs of leasing before signing a lease agreement. Most leases have mileage limits and impose substantial penalties for exceeding those limits. Other costs not imposed in auto purchases, but imposed in leases may include \*acquisition fees,\* lease-end \*disposition fees,\* and charges for excessive use.
- Never go into a dealership intending to purchase and come out having signed a lease. Always ask for written materials to be taken home and reviewed before agreeing to lease.
- Shop as if you were buying a car, you can negotiate an automobile lease as you would negotiate a sale.
- If you intend to operate the vehicle for more than five years, leasing is seldom a good deal.
- Don't sign a lease agreement unless you are sure you want to lease. Most leases include large penalties for ending the lease early.
- Make sure all the blanks have been completed. Don't agree to a deal that you do not understand.
- Avoid leasing at the end of the model year.
- Do your homework. Know what you are talking about before you begin negotiations. Don't simply focus on the monthly payments. Understand capitalized costs, residual value and interest factor (leasing factor).
- Make sure all of your trade-in is applied in the contract.
- Consider leasing from a source other than the dealer.

If you have complaints about auto leases or lease advertising, you should write to the Tennessee Division of Consumer Affairs at 500 James Robertson Parkway, Fifth Floor, Nashville, TN 37243-0600.